
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

TO: County Assessors, County Auditors, and Software Vendors

FROM: Matthew Parkinson, Director of Data Analysis

SUBJECT: Bank Assessed Values

DATE: February 11, 2015

The purpose of this memorandum is to communicate guidance related to banks to county assessors, county auditors, and property tax vendors for use in both personal property records and in the Certified Net Assessed Values ("CNAV") submission.

The file format for the Personal Property ("PERSPROP") file is defined at 50 IAC 26-20-5. The PERSPROP file includes a field titled "Principal Business Activity Code," which contains the following description:

North American Industry Classification System (NAICS) codes. The six digit NAICS code must be from the code list identified on the form or from the latest code list available for the year identified on the form.

The NAICS list is used to report both banks and other types of businesses in the Principal Business Activity Code field of the PERSPROP file. Based upon feedback from county assessors and software vendors, the Department recognizes that the Principal Business Activity Code has historically been a difficult field on which to report, especially for banks and financial institutions.

While existing statute is ambiguous related to the specific definition of banks, the Department has researched the matter to develop a definition that counties may elect to use for their personal property records and subsequently for the "Bank PP AV" CNAV field. As of February 10, 2015, the most recent code list was released by the US Census Bureau in 2012 and is available through the U.S. Census website at <https://www.census.gov/eos/www/naics/>. The Department restricted its research to the list of six-digit codes in Sector 52 (Finance and Insurance) of the NAICS list.

To identify the NAICS codes that should be considered banks, the Department researched both Department memoranda and historical Indiana Code related to bank definitions.

Pursuant to IC 6-1.1-18.5-19.1, a taxing unit's maximum levy does not apply to "ad valorem property taxes imposed on personal property of banks that became subject to assessment in 1989 and thereafter because of IC 6-1.1-2-7." Although the current version of IC 6-1.1-2-7 (which delineates property not subject to property taxation) makes no mention of financial institution personal property, the 1990 version of IC 6-1.1-18.5-19.1 cites to IC 6-1.1-2-6 rather than -7. The 1990 version of IC 6-1.1-2-6 provides that "Personal property which is owned by a financial institution" "is not subject to assessment and taxation under" IC 6-1.1 if "the institution is subject to the bank tax imposed under IC 6-5-10" and "the property is not leased by the institution to a lessee under circumstances in which possession is transferred to the lessee." Indiana Code 6-5-10-1 (since repealed) defined "bank" to mean a:

- (1) Bank, trust company, savings bank, private bank, bank of discount and deposit, or loan and trust and safe deposit company organized under the law of this state; or
- (2) National banking association organized under the law of the United States and engaged in business in this state.

Under the statute, the term “bank” did not include an international banking facility.

The Department compared the definition from IC 6-5-10-1 to the definitions provided by the Census Bureau for the NAICS code list. The Department interpreted IC 6-5-10-1 to mean that banks are institutions that both accept deposits and lend money to consumers. The Department also determined that a reader could reasonably understand “bank” to include a central bank entity and an investment bank. Therefore, the Department concluded that the following codes from the 2012 NAICS list should be used for banks:

- 521110 Monetary Authorities – Central Bank
- 522110 Commercial Banking
- 522120 Savings Institutions
- 522190 Other Depository Credit Intermediation
- 523110 Investment Banking and Securities Dealing

County assessors should use the codes in the above list in their 2015 pay 2016 PERSPROP file submission to the Department. As a reminder, the PERSPROP file is due to the Department on September 30, 2015.

Furthermore, county auditors should utilize the guidance above when submitting CNAV information to the Department. CNAV requires county auditors to report on Bank Personal Property Assessed Values at the taxing district level. The “Bank PP AV” column is designed to be an informational subset of the total Business Personal Property AV reported; in other words, the column labeled “Net Assessed Valuation Business Personal Property Only” should include the values that are otherwise separately listed in the “Bank PP AV” column.

Consistent and accurate submission of “Bank PP AV” data is particularly important since taxing units receive an adjustment to their maximum levies based on the amount of property tax levied on the assessed value of Bank Personal Property. County officials should note that this year’s deadline for submission of CNAV data is August 3, 2015.

The Department emphasizes to county assessors, county auditors, and software vendors that this guidance is to be used strictly for the maintenance of personal property records and for related submissions to the Department. The Department does not intend for this memorandum to serve as a definition of banks or financial institutions outside of that particular purpose, and also does not claim authority over or responsibility for the NAICS list published by the Census Bureau.

If you have questions related to the information in this memorandum, please contact Director of Data Analysis Matthew Parkinson at mparkinson@dlgf.in.gov or (317) 232-3759.